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**Memorandum for:**

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Attached are copies of papers which our folks prepared in response to DO requests for support in putting together briefing books for the DCI's upcoming trip to Western Europe. The papers were sent to the DO

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Since [ ] he usually does not run these things by the front office, I thought I would at least give you a drop copy.

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Attachment:  
as stated

EUR M83-10239

30 Sept '85

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Denmark: Political Overview

For: DCI Casey

29 September 1983

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Conservative Prime Minister Poul Schluter leads a minority center-right coalition government that includes his Conservative Party, the Christian Peoples' Party, the Liberal Party, and the Center Democratic Party. These parties hold only 65 out of 179 seats in parliament and the coalition has to rely on various combinations of other parties, depending on the issue, to pass legislation. In office since September 1982, the coalition replaced a Social Democratic (SDP) government which resigned after failing to muster enough parliamentary support -- even from within the party -- to pass an economic austerity program for the 1983 budget. Schluter, the first Conservative head of state since 1901, has staked his government's existence on its own austerity measures designed to come to terms with the stagnant, deficit-ridden economy. He has been successful thus far in gaining support -- mainly through compromises -- from two maverick parties and there have been some signs of economic improvement.

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The government strongly supports membership in NATO and the dual-track decision on INF. The socialist opposition, led by the SDP, threatened to topple Schluter in May when it pushed through a parliamentary resolution that was somewhat at odds with the dual decision. This placed the coalition in a difficult situation, because it had to inform NATO of this dissenting view while refusing to adopt it as government policy. Schluter will

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likely be faced with new threats from the left this fall. The pacifist Radical Liberals have also chosen to oppose deployment by all possible democratic means, even if this causes a government collapse. [REDACTED]

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Despite poor odds, however, the year-old coalition has weathered several crises and continues to be the most popular Danish administration since World War II. If an election were to be called, polls indicate the Conservatives would probably double their representation, although largely at the expense of the other coalition members. [REDACTED]

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[REDACTED]

Netherlands: Political and Economic Outlook  
Note for: DCI, Casey

[REDACTED]  
30 September 1983

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Prime Minister Lubbers' center-right Christian Democratic-Liberal coalition retains a secure parliamentary majority and, despite occasional squabbles, is more cohesive than its recent predecessors. The government's major worry continues to be economic difficulties. Unemployment, at 17.3 percent the highest in the EC, is pushing the budget deficit to 12 percent of GDP. In an effort to hold down spending, the government's austere budget calls for spending cuts in social welfare programs and wage restraint that are painful by generous Dutch standards. The cuts probably are as deep as the Netherlands can bear -- given the political realities -- but they will only produce a marginal improvement in the government's financial position. To obtain more revenues, the Dutch also are considering increased natural gas sales. Potential consumers, however, probably will balk at the prices the Dutch want. Liberal Party politicians are also fearful that increased gas revenues will be used not to encourage structural changes that will make Dutch industry more competitive but, instead, simply to prop up welfare expenditures. The Dutch are hoping that a US-led economic upturn will ease domestic pressures, but current growth forecasts are not encouraging. Growth is likely to be stagnant in 1983 and probably will increase only to 1.5 to 2 percent in 1984, not enough to reduce unemployment. [REDACTED]

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The Lubbers government is well disposed toward the US,

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although the Dutch are irritated at what they see as Washington's failure to buy more Dutch defense equipment. The government has supported US initiatives in the Middle East and taken a more sympathetic view of US concerns in the Third World than its predecessors. On INF, however, it still faces strong opposition not only from various "peace" groups and leftist political parties but from a bloc of Christian Democratic parliamentarians determined to vote against deployment even if this brings down the government. The size of a mass anti-INF demonstration, now scheduled for 29 October, will be an important gauge of the "peace movement's" strength. Prime Minister Lubbers has said that a deployment decision should be made next June, but he has left himself room to maneuver. Lubbers probably hopes that initial deployments in the UK, FRG, and Italy will encourage pro-deployment sentiment in the Netherlands, or at least increase a sense that deployment is "inevitable." He probably is also hoping that NATO agreement to reduce current Dutch nuclear assignments can be used to bargain for a positive INF decision. More than anything else, however, Lubbers and most Dutch politicians hope that a US-Soviet arms agreement will preclude the need for deployment in the Netherlands. To achieve such an agreement, Lubbers has indicated that serious consideration should be given to Soviet demands that British and French nuclear systems be taking into account in INF negotiations.

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Norway: Political Overview  
For: DCI, Casey

29 September 1983

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Prime Minister Willoch's Conservative Party heads a coalition of three parties that hold a 79-76 majority in Norway's Parliament. The two smaller parties, the Christian Peoples Party and the Center Party, have supported the Conservatives since the election in 1981, but only entered the government this June. In the cabinet reorganization, the Conservatives retained the Foreign Affairs and Defense Ministries, demonstrating the party's strength and its intentions to continue the foreign and security policies in support of NATO INF negotiating positions, NATO modernization, and European energy security. The coalition parties differ on some domestic issues. Willoch granted the smaller parties concessions by reducing interest rates and adding job creation funds to an otherwise austere budget. We expect Prime Minister Willoch to be able to maintain foreign policy discipline with the coalition parties on most issues since they will be trying to show themselves as reliable governing parties in anticipation of the parliamentary elections in 1985.

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The prospect of INF deployment elsewhere in Western Europe has raised an active anti-nuclear movement in Norway. The government continues to be challenged by parliamentary votes questioning Norwegian support for deployment should negotiations fail. The government has defeated anti-INF measures in Parliament by a margin of a single vote. Five members of the small center parties usually vote against the government, which

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must depend on the opposition rightwing Progress Party for its  
INF majority. Norwegian officials have assured the United States  
that they can call upon sufficient votes to assure the one-vote  
margin. [REDACTED]

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